

# California Arts Council

## Readiness Review Table

**Overall Assessment:** The California Arts Council (CAC) has significant experience managing federal funds. This experience will assist CAC's preparation for receipt, expenditure, and oversight of American Recovery and Reinvestment Act (ARRA) funds. ARRA funds have been awarded in the amount of \$502,400 to CAC, but have not been drawn. The funds will be used as grant awards to eligible recipients providing salary support for one or more positions that are critical to an arts organization's artistic mission and that are in jeopardy or have been eliminated as a result of the current economic climate. The CAC grant awards will vary between \$5,000 and \$20,000. The grant application and guidelines will be released in July 2009 and will be due by August 24, 2009. Adjudication panels will then be held in September 2009 and approval of awards will be made in early October 2009.

**Recommendation:** The CAC should perform a departmental risk assessment, including an ARRA specific risk assessment and implement appropriate controls to mitigate any identified risks. The CAC should continue its efforts to prepare for awarding ARRA grants to recipients and set deadlines for the completion of ARRA related projects, such as updating the grant agreement language to meet ARRA requirements, establishing training curriculum for future grant recipients including written processes and procedures on reporting and performance measures, and complete the establishment of program fields in order to track performance measures.

Expectation Met	Comments	10 Day Corrective Action Plan
<b>Oversight and Fraud Prevention</b>		
Knowledgeable about departmental oversight responsibility	Y	Knowledgeable about their oversight responsibility. Have existing grant program processes and procedures.
Departmental risk assessments prepared and ARRA risks are addressed	N P as of 8/6/09	Departmental and ARRA risk assessments have not been performed. Since the July 9th meeting with OSAE, CAC has developed its ARRA Mitigation of Risk list for this program, which will continue to be amended when needed. CAC's ARRA Mitigation of Risk addresses the following risks and has been provided to OSAE: (1) Applicant Eligibility, (2) The Adjudication Process, (3) Training, (4) Monthly Reports, (5) 25% Advance, (6) Documentation of Expenditures, (7) Proof of Employment Status, (8) Proof of Compensation Rate, and (9) Non-Transferability.
Fraud awareness training	P Y as 7/28/09	The Deputy Director and two additional employees are scheduled to attend the ARRA Inspector General's Fraud, Prevention, and Detection training scheduled for July 28, 2009. Knowledge gained will be passed on to CAC staff. Three staff attended the CA Office of Inspector General's Fraud Prevention and Detection Training on July 28, 2009 (i.e., Deputy Director, Chief of Administration & ARRA Program Lead).
Financial Integrity and State Manager's Accountability Act (FISMA) Compliant Department prepared a 2007 FISMA report on the adequacy of the entity's systems of internal control and submitted a corrective action plan within 6 months	P	The 2007 FISMA report was submitted with a Corrective Action Plan (CAP). However, follow up status reports to the CAP were not submitted. The CAC is scheduled to conduct its 2009 FISMA report Fall 2009. The status of the 2007 Corrective Action Plan will be updated at that time.
ARRA review performed by Government Accountability Office (GAO)	N/A	GAO did not select CAC for their review.
Tracking system in place to address prior audit findings (i.e. how do departments know all findings have been addressed)	N/A	CAC is a small agency of 18 employees and a \$5.6 million budget. It has not been audited within the past 10 years.
<b>Grants Management and Accountability</b>		
Sub-recipient training	P	Grant recipients have not been selected. CAC plans to provide training on ARRA requirements and reporting processes via tele-conferencing and local on-site training when grants are issued. They also plan ongoing communication to keep recipients updated on current reporting requirements. Grants will not be awarded until October 2009. Contractor conferences are tentatively scheduled for October 2009 and reporting training sessions for November 2009. CAC staff will assess the most appropriate means to communicate with ARRA grantees based on the number of grants awarded. CAC provides and will provide training for current grantees on reporting and invoicing through means such as: teleconferencing, webinars, and contractor conferences. CAC staff will also provide guidance through direct communication (phone, email, etc.) on a regular basis.

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	<b>Expectation Met</b>	<b>Comments</b>	<b>10 Day Corrective Action Plan</b>
Competitive grants and fixed-price agreements	<b>Y</b>	Grants are being awarded to provide salary support for critical positions that are in jeopardy within art organizations. There will be more grant applicants than grants awarded. For that reason, there will be an adjudication panel who will review applications and then choose recipients for awards based on the applications.	
Grant agreements are clear, specific, and meet ARRA requirements. (Such as: site visits, administrative costs, interest, progress reports, budgets, modifications, record retention policy, match, list of ineligible expenditures, notification of possible audit)	<b>P</b>	Existing grant agreements are being updated to capture the new ARRA requirements. The new agreements have not been completely developed.	ARRA grant awards will be made in October 2009. ARRA grant agreements will be finalized by September 2009 and used with grant awards in October 2009.
Department is requiring specific ARRA required data elements to be tracked (jobs created/saved, project status info, etc.)	<b>P</b>	The recipients will be required to collect and report specific ARRA data elements when grants are awarded. Data elements required to be tracked have been communicated from the National Endowment of the Arts (NEA).	NEA held teleconferences on July 9 and July 21 to discuss Federal ARRA reporting requirements and the CAC Deputy Director and IT Lead has been participating in the weekly California Recovery Task Force to develop the data elements for reporting of the ARRA funds since May 2009. Recovery Task Force meetings will be ongoing until the conclusion of all reporting requirements to the OMB. The CAC will not delegate its reporting authority to subgrantees and will compile all data elements for reporting to Recovery.ca.gov.
Certification letters are required by applicant	<b>Y</b>	Signed certification statements are required in both applications and payment requests. These have been updated to include ARRA requirements.	
Working with grantees to develop performance measures	<b>P</b>	Once grantees are selected, performance measures and implementing ARRA requirements will be communicated by tele-conference and individual communication. There are no written processes and procedures for developing performance measures.	When grants are awarded in October, 2009, the CAC will schedule and conduct contractor conferences and training sessions with ARRA sub-grantees to ensure they understand grant guidelines and performance reporting requirements. The CAC has also defined measures and requirements in its ARRA Mitigation of Risk.
Performing risk assessments and/or audits on sub-recipients awarded ARRA funds	<b>P</b>	CAC has not done a risk assessment and has no plans for onsite audits of recipients due to small size of CAC (no internal audit division), lack of resources, and the fact that each recipient will receive a grant of only \$5,000 to \$20,000 each. CAC is planning to require extensive and detailed backup documentation with application and a monthly report.	In its ARRA Mitigation of Risk, the CAC has identified several internal ways we will be auditing our grantees, such as (1) Monthly Reports (2) Documentation of Expenditures. (3) Proof of Employment Status (4) Proof of Compensation Rate. See the Risk Assessment for details.
Specific steps department will take to monitor sub-recipients of ARRA funds	<b>Y</b>	CAC will monitor sub-recipients by reviewing monthly reports with its backup documentation and by communicating directly by phone, e-mail, or mail, etc.	
<b>Challenges Identified by Department</b>			
During the readiness interview, department staff identified concerns		Concern with the additional workload put on staff with the ARRA program, tracking, and reporting requirements because of the shortage of workdays due to the Governor's 3-day furlough requirements.	

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	<b>Expectation Met</b>	<b>Comments</b>	<b>10 Day Corrective Action Plan</b>
		Concern with different state agencies requiring the same information and the same material but in different formats and within a short period of time. Need to combine efforts to reduce the waste and additional expenditure of time.	

**Tickmarks:**

**Y** = Yes. The expectation is being met.

**P** = Partial. The expectation is being partially met.

**N** = No. The expectation is not currently being met.

**N/A** = Not applicable.